



CITY OF ROCKVILLE
Purchasing Division
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ADDENDUM 1

DATE: January 25, 2016

REFERENCE: City of Rockville
Request for Proposal:

RFP 18-16
Insurance Broker Services For Property, Casualty And
Associated Insurances

Scheduled Submittal Deadline: Friday, February 5, 2016 at 2:00 P.M. (Eastern)

Please note the following additions, revisions, clarifications, corrections and/or deletions have been made to the above referenced Request for Proposal (RFP):

Revision 1:

The due date has been extended to 2:00 P.M. (Eastern), Friday, February 5, 2016.

Additionally, we have received the following questions/comments concerning this Request for Proposal. Responses to these questions are also provided, where additions, revisions, clarifications, corrections and/or deletions found within the City's response are incorporated into this Addendum:

- 1) Regarding C. Scope of work: "The Contractor will not be compensated for any commission, fees, etcetera if the City chooses to bind policies directly with the Nonprofit Self-Insured Municipal Pool." Is it expected that the Contractor market any and all policies currently provided through the Nonprofit Self-Insured Municipal Pool for the 7/1/16-17 term?

RESPONSE:

Yes. The Contractor may be required to market any and all policies currently provided through the Nonprofit Self-Insured Municipal Pool for the 7/1/2016 – 7/1/2017 policy term. The City acknowledges that prospective proposers may choose to submit proposals to include various payment mechanisms, as referenced but not limited to those shown in Section 12 Compensation of the RFP. The City will not preclude a proposal from being considered if a prospective proposer proposes a lump sum annual fee. Additionally, as stated in the RFP the City reserves the right to bind any and all policies through the Nonprofit Self-Insured Municipal Pool, as described previously, without the use of the Contractor's services. The Contractor will not be compensated for any commission, fees, etcetera if the City chooses to bind policies directly with the Nonprofit Self-Insured Municipal Pool.

- 2) Regarding section 2. Requirements: "c. Provide the City's Safety & Risk Manager, or other appointed representative, with full access of Broker's working files of City business upon request at the City's convenience and discretion." Please explain exactly what information to which the City will need access?

RESPONSE:

The City reserves the right to view and access information regarding any formal recommendation from the Contractor to secure coverage(s) with insurers. This may include providing information in the form of a quote disclosure report, or additional information regarding the relationship between the Contractor and insurer(s) who are recommended to ascertain any potential conflicts of interest and to ensure the City's best interests.

- 3) Regarding 2. Requirements: "g. Evaluate appropriateness of alternative financing mechanism such as partial or total self-funding, assist in structure of the same including recommendation retention levels, stop-loss limits, etc." Is the City referring to just the Workers' Compensation program or all Casualty lines including those insured through the Nonprofit Self-Insured Municipal Pool. Is the City prepared to pay the cost for the actuarial evaluation?

RESPONSE:

The Contractor may be asked to provide guidance and recommendations for alternative financing mechanisms for various lines of coverage, including the lines of coverage you have inquired about in your question. With regards to the question regarding paying for actuarial evaluation(s), please refer to Page 7 of 42 of the RFP which states “the successful bidder may be asked to provide additional services that may exceed the scope of responsibilities and duties contemplated within the fee. Please indicate what services you would classify as within the fee income and outside of the fee income. Services not identified will be assumed to be included in the fee.”

- 4) Will the City consider any amendments to the contract?

RESPONSE:

The City reserves the right to negotiate the terms and conditions of its contract, if in the City’s best interest. That being said, the successful offeror shall be required to complete a two-party standard form of agreement. A sample agreement (Attachment E) is attached. The City reserves the right to make changes to the sample agreement, where no change to the agreement form by the successful offeror will be considered. By submitting an offer in response to this Request for Proposal (RFP), an offeror, if selected for award, shall be deemed to have accepted the terms of this RFP and any subsequent Contract based on the aforementioned two-party standard form agreement. Part or all of this RFP and the successful proposal may be incorporated into any subsequent Contract.

- 5) The only request we have is to acquire 5 years loss or claims information. The loss information will allow us to be specific on the services we can offer that may impact the cost of your risk transfers and or allow us to suggest alternative solutions.

RESPONSE:

The City doesn’t feel that providing this information would add any value to the process at this time.

- 6) How many years (and what years) has the City been self-insured

RESPONSE:

0 years. While the City refers to our workers’ compensation as “Partially Self-Insured”, the program is commonly referred to in the insured industry as loss-sensitive based. The City has a \$500,000 per-occurrence self-insured retention with an annual aggregate stop limit.

- 7) Appears that the current self-insured retention (SIR) is \$500,000. Please provide SIR history and confirm \$500,000 current SIR

RESPONSE:

FY12 (7/1/2011 – 7/1/2012) SIR \$250,000
FY13 (7/1/2012 – 7/1/2013) SIR \$250,000
FY14 (7/1/2013 – 7/1/2014) SIR \$500,000
FY15 (7/1/2014 – 7/1/2015) SIR \$500,000
FY16 (7/1/2015 – 7/1/2016) SIR \$500,000

- 8) Are claims handled by a third party administrator (TPA) or self-administered?

RESPONSE:

The claims are managed by the insurance carrier(s).

- 9) If TPA, who is the TPA?

RESPONSE:

TPA is non-applicable.

- 10) What is the City’s fiscal year January 1 to December 31, July 1 to June 30, etc

RESPONSE:

July 1 – June 30

- 11) What accounting date is needed for the review? What valuation date will be provided for data (so in case we need to estimate payments)

RESPONSE:

With regards to the annual actuarial review of the City's workers' compensation program, we will require current valuation dates to estimate the outstanding losses as of the end of the fiscal year or June 30.

- 12) Are historical valuation dates of data available?

RESPONSE:

The City doesn't feel that providing this information would add any value to the process at this time.

- 13) Is payroll by classification code available? Do you have payroll for all self-insured years?

RESPONSE:

Yes, payroll is available by classification code. While the City refers to our workers' compensation as "Partially Self-Insured", the program is commonly referred to in the insured industry as loss-sensitive based. The City has a \$500,000 per-occurrence self-insured retention with an annual aggregate stop limit.

- 14) Are you currently receiving actuarial services for the workers compensation program? If so, who is providing services and what is the fee for this service?

RESPONSE:

Yes, AON Risk Services, Inc. and AON Global Risk Consulting - \$5,750 in FY15.

- 15) Are any other coverages self-insured? General liability? Automobile liability? Environmental liability?

RESPONSE:

No, the City is not self-insured for any other coverages.

- 16) Who is the current Broker/Consultant for the placements, excluding actuarial, and what is the current fee for their services?

RESPONSE:

AON Risk Services, Inc. - \$45,000 annually

- 17) Should the pricing proposal be included in the response or should it be in a separate envelope?

RESPONSE:

The City doesn't feel that providing this information would add any value to the process at this time. Information regarding how to submit proposals is contained on Page 1 of 42 of RFP #18-16.

- 18) Describe the program referenced as a "Partially Self-Insured" Workers' Compensation.

RESPONSE:

While the City refers to our workers' compensation as "Partially Self-Insured", the program is commonly referred to in the insured industry as loss-sensitive based. The City has a \$500,000 per-occurrence self-insured retention with an annual aggregate stop limit.

- 19) Are you looking for separate pricing to obtain, and administer, the lines of coverage that are not part of the municipal pool – and separate pricing for all other lines should a better alternative to the pool be presented?

RESPONSE:

Yes, the City is interested in receiving proposals outlining separate pricing for lines of coverage not part of the municipal pool and pricing for all lines of coverage including those currently insured through the municipal pool. Additionally, as stated in the RFP the City reserves the right to bind any and all policies through the Nonprofit Self-Insured Municipal Pool, as described previously, without the use of the Contractor's services. The Contractor will not be compensated for any commission, fees, etcetera if the City chooses to bind policies directly with the Nonprofit Self-Insured Municipal Pool.

- 20) The RFP references the requirement to provided detailed invoicing, reflecting time and rates for labor costs, and costs for non-labor expenses. At present, we do not have in place an electronic mechanism to track individual labor time spent by staff on an individual client, nor to track non-labor costs on individual client basis. I have historically quoted a lump sum annual fee to a governmental entity, invoiced on a monthly basis in arrears. Will not providing the "highly detailed breakdown of cost per deliverable" preclude a bid from being considered?

RESPONSE:

The City acknowledges that prospective bidders may choose to submit proposals to include various payment mechanisms, as referenced but not limited to those shown in Section 12 Compensation of the RFP. The City will not preclude a bid from being considered if a prospective bidder proposes a lump sum annual fee.

- 21) What are the premiums paid for all current coverage, by line of business?

RESPONSE:

For the policy term of FY16 (7/1/2015 – 7/1/2016) the premiums are as follows:

Workers' Compensation (loss-sensitive program):	\$440,166
Fiduciary Liability with TRIA:	\$19,382
Crime/Fidelity:	\$6,632
Pollution Liability with TRIA:	\$26,695
Weather Insurance:	<\$3,000 annually
Professional Liability – Employed Counselor:	\$430
Public Officials Bond – City Officials/Treasurer:	<\$5,000 annually
Commercial General Liability:	\$49,854
Excess Liability \$5M xs \$1M:	\$14,866
Excess Liability \$10M:	\$69,584
Public Officials Liability:	\$177,838
Law Enforcement Legal Liability:	\$50,901
Business Automobile Liability:	\$133,220
Skate Park and BMX Biking Facility:	\$2,064
Property (All Risks):	\$67,405
Fine Arts Policy:	Included in Property
Equipment Breakdown (Boiler & Machinery):	Included in General Liability
Cyber Liability:	Included in General Liability
Police & Rescue Canine:	\$233

- 22) What is the Self Insured Retention of the Workers' Compensation policy?

RESPONSE:

\$500,000 per occurrence

- 23) Approximate Employee Count by classification, ie. Refuse, Water/Sewer, Parks/Recreation, etc.

RESPONSE:

NCCI Classification	Number of City Employees
106	8
5506	11
6306	3
6319	23
7520	13
7720	74
8380	13
8601	22
8810	177
9015	37
9102	78
9402	16
9403	25
9410	32
9411	2

- 24) Workers' Compensation claims history past 5 years. Loss Runs would be preferable but if not willing to disclose at this time, number and total dollar amount of claims would be helpful.

RESPONSE:

The City doesn't feel that providing this information would add any value to the process at this time.

- 25) RFP cites actuarial, analytical, evaluation & monitoring Claims Services. Are Loss Control Services needed?

RESPONSE:

The City employs two full-time safety and risk management professionals to manage the City's loss control program. Additional Loss Control Services may or may not be requested from the Contractor. With regards to proposing additional Loss Control Services, please refer to Page 7 of 42 of the RFP which states "the successful bidder may be asked to provide additional services that may exceed the scope of responsibilities and duties contemplated within the fee. Please indicate what services you would classify as within the fee income and outside of the fee income. Services not identified will be assumed to be included in the fee."

- 26) If so, please elaborate on Scope of Services required.

RESPONSE:

Additional Loss Control Services may include, but are not limited to: conducting on-site assessment of workplace safety hazards, conducting safety-related training to City staff or creating job-hazard analysis for selected activities.

- 27) All other lines of coverage requested for RFP # 18-16 claims history past 5 years. Loss Runs would be preferable but if not willing to disclose at this time, number and total dollar amount of claims would be helpful.

RESPONSE:

The City doesn't feel that providing this information would add any value to the process at this time.

- 28) Please confirm winner of RFP will be recognized as Sole Agent of Record for all requested lines of coverage pertaining to RFP # 18-16 with the ability to negotiate with current carrier(s) & market to other carriers.

RESPONSE:

The City intends to award RFP #18-16 to one successful offeror; while reserving the right to make multiple awards. The Contractor(s) awarded the contract will be recognized by the City as the Sole Agent of Record for the lines of coverage awarded. Additionally, as stated in the RFP the City reserves the right to bind any and all policies through the Nonprofit Self-Insured Municipal Pool, as described previously, without the use of the Contractor's services. The Contractor will not be compensated for any commission, fees, etcetera if the City chooses to bind policies directly with the Nonprofit Self-Insured Municipal Pool.

Please sign below to acknowledge receipt of addendum and return with your bid.

Sincerely,

Jonathan Pierson, C.P.M., CPSM
Principal Buyer

Company Name

Authorized Signature

Date

JWP/jwp